

ORIGINAL

Decision No. 63571

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
COACHELLA VALLEY TELEPHONE COMPANY,
a California corporation, for author-
ity to increase rates and charges for
exchange telephone service in all of
its exchanges.

Application No. 41263

Additional Appearances

Bacigalupi, Elkus & Salinger, by Claude N.
Rosenberg, for the applicant (now
California Water & Telephone Company).
J. G. Shields, for the Commission staff.

C O N C L U S I O N

By Decision No. 59765, dated March 8, 1960, on the above-
numbered application of Coachella Valley Telephone Company, a corpor-
ation, filed June 29, 1959, the applicant was authorized to increase
its rates for exchange telephone service, as applied for on an
interim basis conditioned upon the applicant's not neglecting or
unreasonably delaying the pursuing and completing of its service
improvement capital additions' program, as outlined in said decision.
The applicant, in ordering paragraph 2 of said decision, was directed
to improve service facilities and operations, maintain standards of
service and further investigate and study service deficiencies, and
provide the Commission with monthly operating reports pursuant to
the staff recommendations contained in Chapter 10 of Exhibit No. 16,
and in Exhibit No. 30 as said exhibit is related to Exhibit No. 18.

The applicant was further directed, within six months after the effective date of the interim order, to make and submit to the Commission, in writing, an extended service study of the plant, revenue, and expense effects and community of interest between contiguous central office and exchange areas in its Thousand Palms and Indio exchanges.

In Decision No. 59765, the Commission stated in part that it was apparent that the rate of return of 5.8 percent for the year 1960, as shown in Exhibit No. 25, which would be produced by the rates proposed in the application was not excessive, and that said proposed rates were just and reasonable on an interim basis for this proceeding pending final determination thereof. It was stated in said decision that upon such final determination the interim rates authorized to be filed might be adjusted downward or might be made permanent, depending upon the facts regarding applicant's earnings under the said interim rates as they might be developed on the record in the subsequent hearing or hearings. The Commission further stated that failure on the part of the applicant to carry out and to place in effect the staff recommendations, or any neglect or unreasonable delay in the applicant's pursuing and completing its service improvement capital additions' program in the years 1960 and 1961, would constitute grounds for the Commission considering the reduction of the applicant's exchange telephone service rates as might be appropriate.

An adjourned public hearing was held before Examiner Stewart C. Warner on February 14, 1962, at Indio. Two subscribers appeared. One stated that there was still third party interference on his Fireside number in Palm Desert, and that it had been difficult to

call the Indio Chamber of Commerce due to busy trunk lines. The other alleged that a Palm Desert tax service was having difficulty placing calls to its clients in Thermal, Mecca, and Oasis, and that its monthly charges for business basic main line telephone service had increased from \$11.44 to \$18.21, and that its monthly charges for business basic main line telephone service with two extensions had increased from \$14.74 to \$21.51 since the instant application had been granted conditionally on an interim basis. The applicant was directed by the presiding officer to investigate these subscribers' complaints. The matter stands submitted for decision.

By Decision No. 61903, dated May 1, 1961, in Application No. 43197, the applicant was authorized to merge with California Water & Telephone Company, a corporation, which said merger was effected on July 1, 1961.

The record shows in Exhibit No. 41, a Commission staff engineering report filed at the February 1962 hearing, that all progress reports required by Decision No. 59765 have been filed by the applicant, and that the applicant expended \$547,660 for major projects in 1959; \$961,110 in 1960; \$918,570 in 1961; for a total of \$2,427,340, and, as shown in Exhibit No. 33, submitted by the applicant at said hearing, planned to expend an additional \$1,428,380 in 1962.

Exhibit No. 34 shows that, on an adjusted basis, the applicant's rate of return on interchange message toll service was 7.96 percent for the year ending June 30, 1961; on all other service, 5.24 percent; and on total telephone operations, 6.04 percent.

The record shows that, due to the hereinbefore mentioned expenditures for major projects and improved operating standards, the applicant's telephone service in its Eagle Mountain, Indio, Salton and Thousand Palms exchanges, which comprise all of the exchanges of the former Coachella Valley Telephone Company, has greatly improved.

As a result of the improved telephone service the staff engineer, after an investigation, recommended in Exhibit No. 41 that the requirement for the filing by the applicant of periodic progress reports on the twenty-five items required by Decision No. 59765 be discontinued. He also recommended that establishment of extended service in the Thousand Palms area not be ordered by the Commission at this time. Also the Commission staff counsel stated that the staff had no objection to the discontinuance of the requirement imposed by Decision No. 61903, that California Water & Telephone Company should maintain such plant, reserve, revenue, and expense accounts as would enable it to determine separated results of operation of the telephone system in the service area of the applicant. Counsel for California Water & Telephone Company and the applicant requested relief from this requirement.

Findings and Conclusions

From a review of the record the Commission finds as a fact, and concludes, as follows:

1. That the rates and charges authorized by Decision No. 59765 are reasonable and should be made permanent.
2. That ordering paragraph 2 of Decision No. 59765, requiring the filing of periodic progress reports, should be modified to cancel such requirement.
3. That the public interest requires that the applicant not be ordered to establish extended service in the Thousand Palms area at this time.

4. That ordering paragraph 4 of Decision No. 61903, requiring California Water & Telephone Company, now merged with the applicant, to maintain records of separated results of operation of the telephone system in the present service area of the applicant, should be canceled.

O R D E R

Application as above-entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision based on the findings and conclusions as hereinabove set forth,

IT IS HEREBY ORDERED as follows:

1. That the tariff schedules for exchange telephone service with rates, charges and conditions as set forth in Exhibit E attached to the application, and as authorized to be filed by Decision No. 59765 on an interim basis, be, and they are, made permanent.

2. That ordering paragraph 2 of Decision No. 59765, requiring the filing of periodic progress reports, be, and it is, modified and that such requirements be, and they are, canceled.

3. That the Commission staff engineering recommendation in Exhibit No. 41, that the applicant not be required to establish extended service in the Thousand Palms area, be, and it is adopted.

4. That ordering paragraph 4 of Decision No. 61903, requiring California Water & Telephone Company, now merged with the

applicant, to maintain records of separated results of operation of the telephone system in the present service area of the applicant, be, and it is canceled.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 17th day of APRIL, 1962.

[Signature] President
[Signature]
[Signature]
[Signature] Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.